



Q1 2022

**Business & Financial Presentation**

**May 3, 2022**

# Disclaimer

This presentation contains forward-looking statements, including, but not limited to, our statements related to our expected total revenue and other financial and operating results for 2022 and our plans, objectives, expectations (financial and otherwise) or intentions with respect to our Prosigna, Afirma, Percepta, Envisia, LymphMark, Decipher Prostate, Percepta Nasal Swab, Percepta Genomic Atlas and Decipher Bladder tests and products, including our biopharma atlas, for use in diagnosing and treating diseases, Medicare coverage, and our commercial organization. Forward-looking statements can be identified by words such as: “appears,” “anticipate,” “intend,” “plan,” “expect,” “believe,” “should,” “may,” “will,” “positioned,” “designed” and similar references to future periods. Actual results may differ materially from those projected or suggested in any forward-looking statements. These statements involve risks and uncertainties, which could cause actual results to differ materially from our predictions, and include, but are not limited to our ability to launch, commercialize and receive reimbursement for our products, to successfully integrate the HaliDx and Decipher businesses and execute on our business plans; continue to scale our global operations and enhance our internal control environment; the impact of the COVID-19 pandemic and its variants on our business and general economic conditions; and the performance and utility of our tests in the clinical environment. Additional factors that may impact these forward-looking statements can be found under the caption “Risk Factors” in our Annual Report on Form 10-K filed on February 28, 2022, and our Quarterly Report on Form 10-Q to be filed for the three months ended March 31, 2022. Copies of these documents, when available, may be found in the Investors section of our website at [www.investor.veracyte.com](http://www.investor.veracyte.com). These forward-looking statements speak only as of the date hereof and, except as required by law, we specifically disclaim any obligation to update these forward-looking statements or reasons why actual results might differ, whether as a result of new information, future events or otherwise.

In addition to the financial measures prepared in accordance with generally accepted accounting principles (GAAP), this presentation contains certain non-GAAP results including non-GAAP gross margin, non-GAAP operating expenses, and non-GAAP loss from operations. These measures are not meant to be considered superior to or a substitute for financial measures calculated in accordance with GAAP, and investors are cautioned that there are material limitations associated with the use of non-GAAP financial measures as an analytical tool. We use non-GAAP measures to internally evaluate and analyze financial results. We believe these non-GAAP financial measures provide investors with useful supplemental information about the financial performance of our business, enable comparison of financial results between periods where certain items may vary independent of business performance, and enable comparison of our financial results with other public companies, many of which present similar non-GAAP financial measures. However, the non-GAAP measures we present may be different from those used by other companies.

We exclude amortization of acquired intangible assets, acquisition-related expenses relating to our acquisitions of Decipher Biosciences and HaliDx from certain of our non-GAAP measures. Management has excluded the effects of these items in non-GAAP measures to help investors gain a better understanding of the core operating results and future prospects of the company, consistent with how management measures and forecasts the company's performance, especially when comparing such results to previous periods or forecasts. The company encourages investors to carefully consider its results under GAAP, as well as its supplemental non-GAAP information and the reconciliation between these presentations, to more fully understand its business. Reconciliations between our GAAP results and non-GAAP financial measures are presented in the Appendix.

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# Key Takeaways



**Strong Q1 2022 revenue of \$67.8M driven by Decipher Prostate, as well as Biopharma and Other revenue**



**Narrowed 2022 total revenue guidance range to \$265M to \$275M<sup>1,2</sup>**



**Updated ATS clinical guideline highlights Envisia classifier, reinforcing its intended role in IPF diagnosis**



**Continued progress on long-term growth priorities: Nasal Swab, nCounter menu expansion and IVD manufacturing transition**



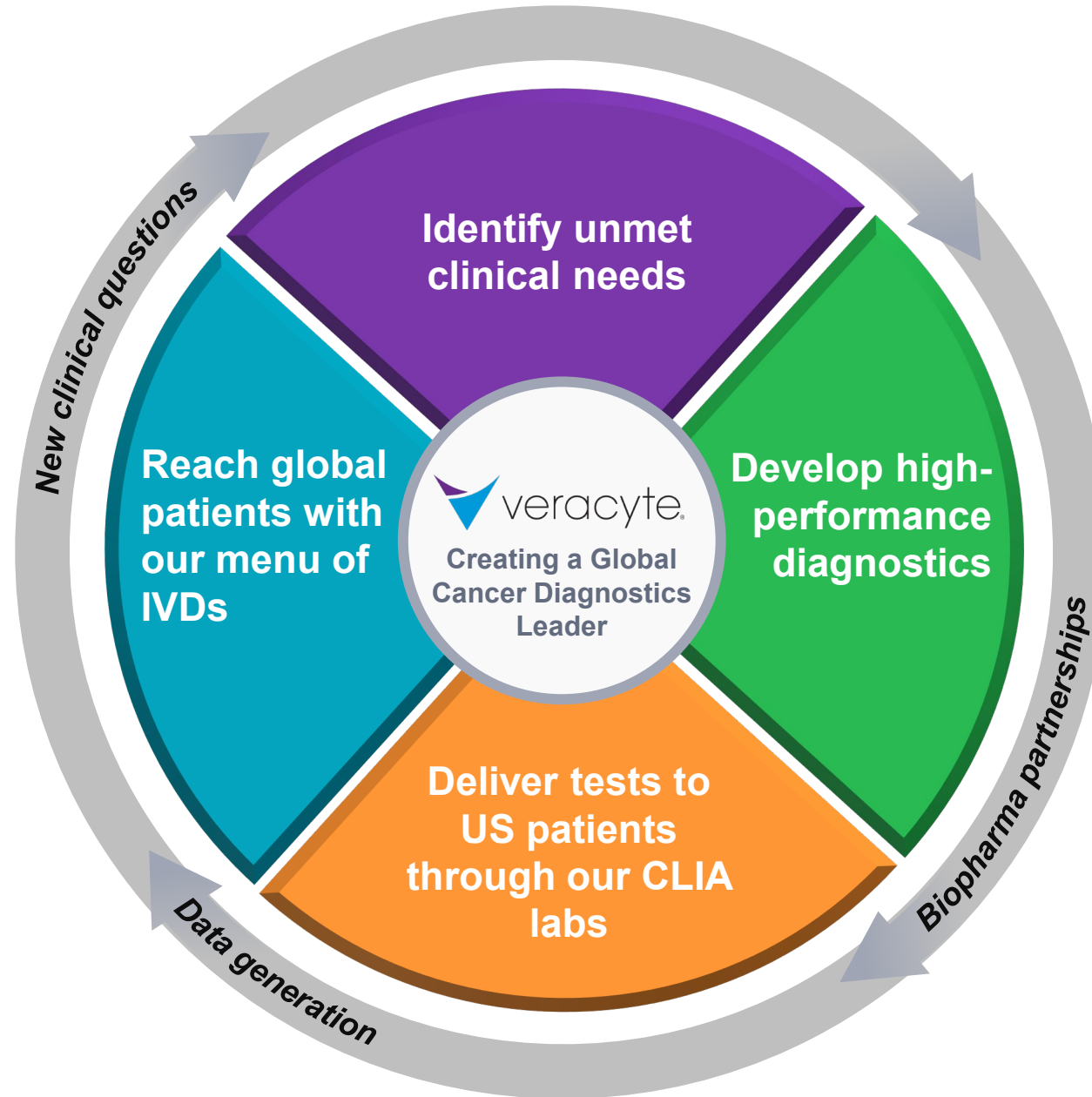
**Strong cash and cash equivalents position (\$164M at Mar. 31, 2022)**



Our vision is to improve  
outcomes for patients all  
over the world at every  
step of their journey.

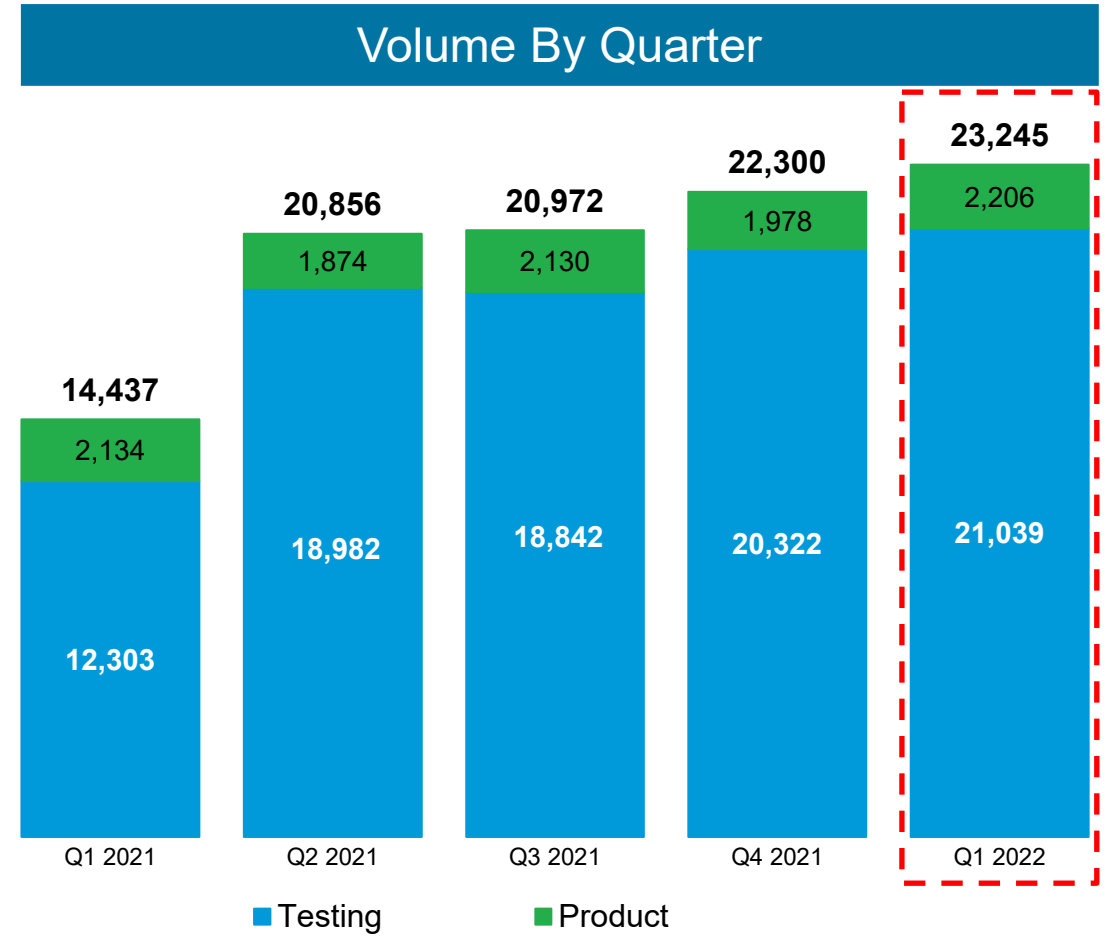
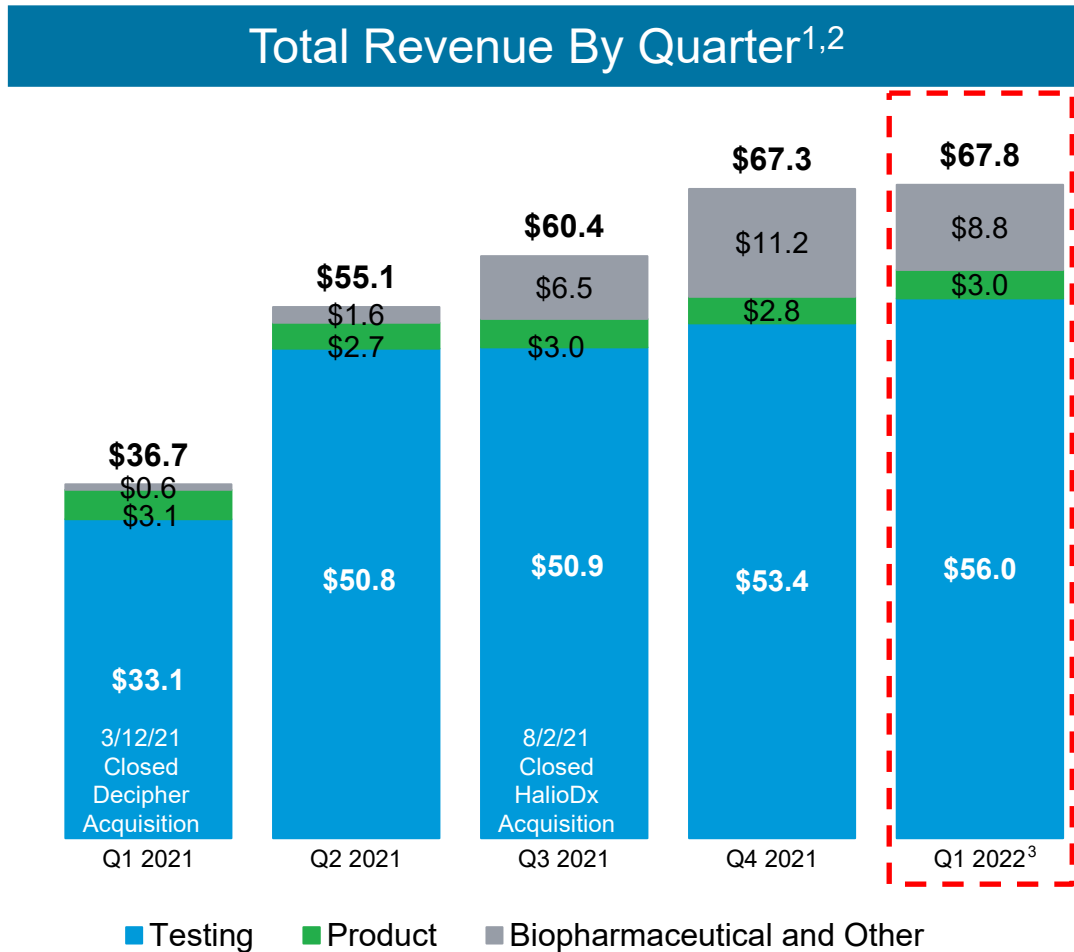


# Our Strategy



# Q1 2022 Revenue and Volume

Delivered Q1 2022 total revenue growth of 85% and volume growth of 61% year-over-year



1. Amounts in millions. Testing, Product and BioPharma revenue rounded and summarized as presented

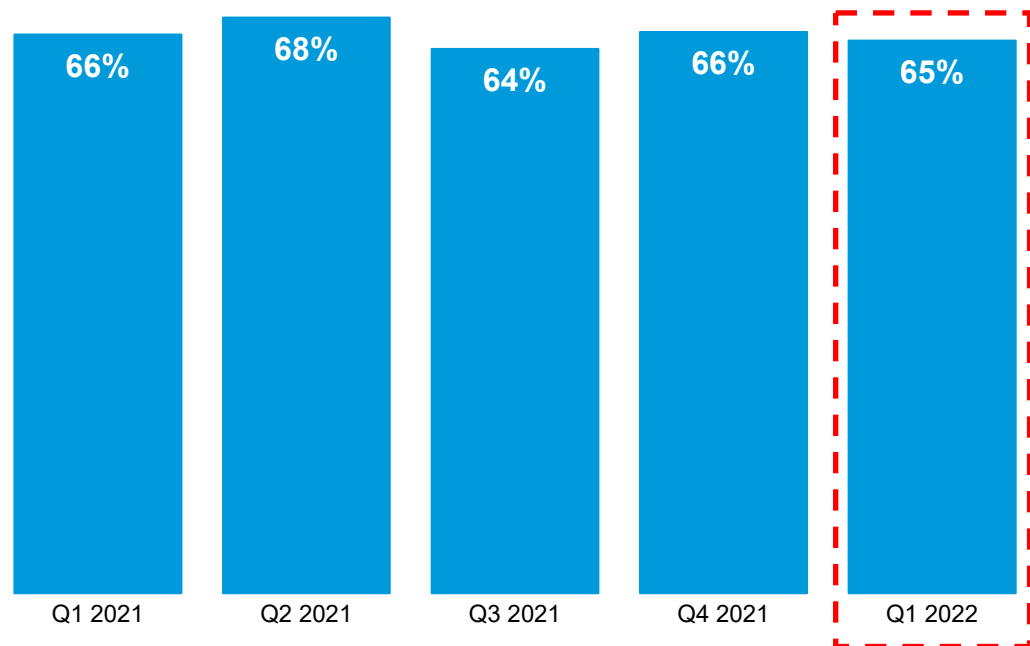
2. Q4 2021 and Full Year 2021 includes \$4M JNJ milestone payment

3. Timing of biopharma milestones and contract IVD activities and better than forecasted urology cash collections contributed \$2 million

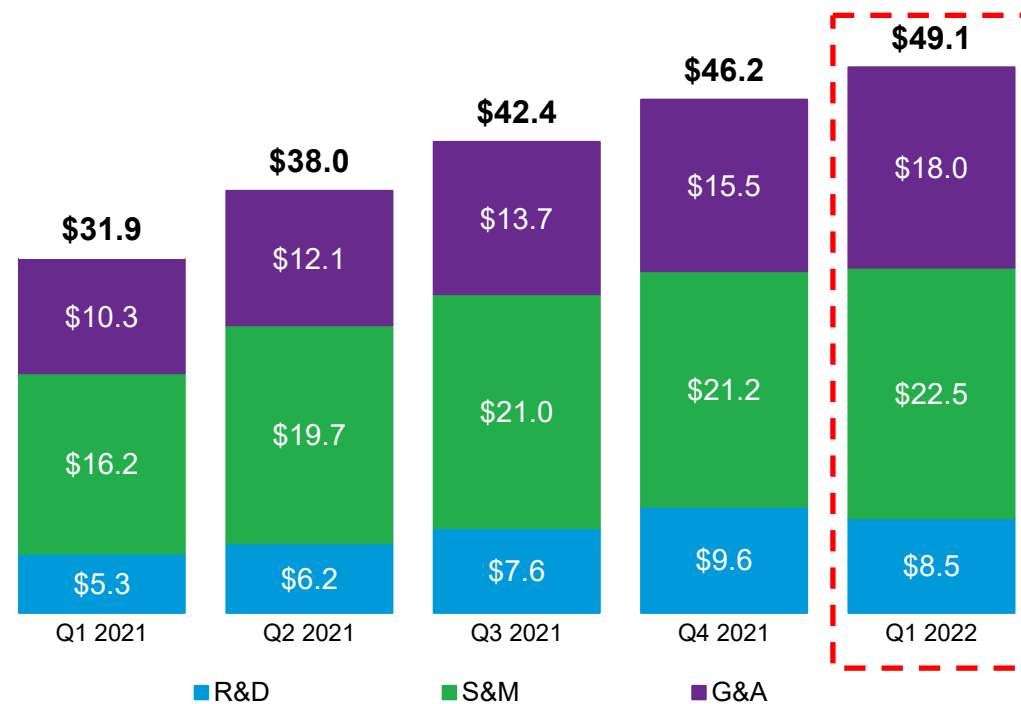
# Q1 2022 Non-GAAP Gross Margin and Operating Expenses

Total company non-GAAP gross margin stabilizing post-acquisitions; Operating expense growth driven by acquisitions in 2021

Non-GAAP Gross Margin by Quarter<sup>1</sup>



Non-GAAP Operating Expense by Quarter<sup>1,2</sup>

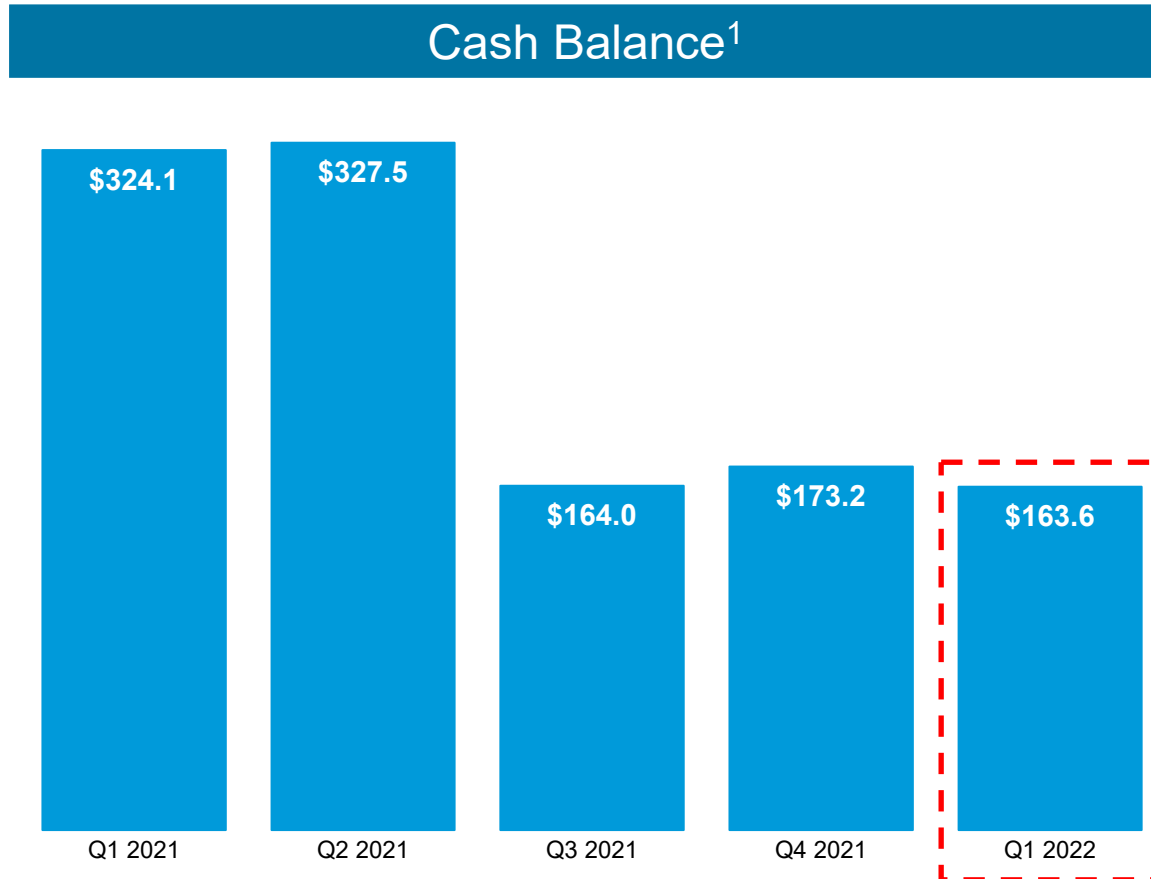


<sup>1</sup> GAAP to non-GAAP reconciliations available in the appendix of this presentation

<sup>2</sup> Amounts in millions. Operating expenses rounded and summarized as presented

# Q1 2022 Cash Balance

Ending Q1 2022 cash and cash equivalents balance of \$164M



- Q1 2022 cash used in operating activities was \$8.9M primarily driven by annual bonus compensation payments
- Q3 2021 cash usage primarily driven by acquisition of HalioDx

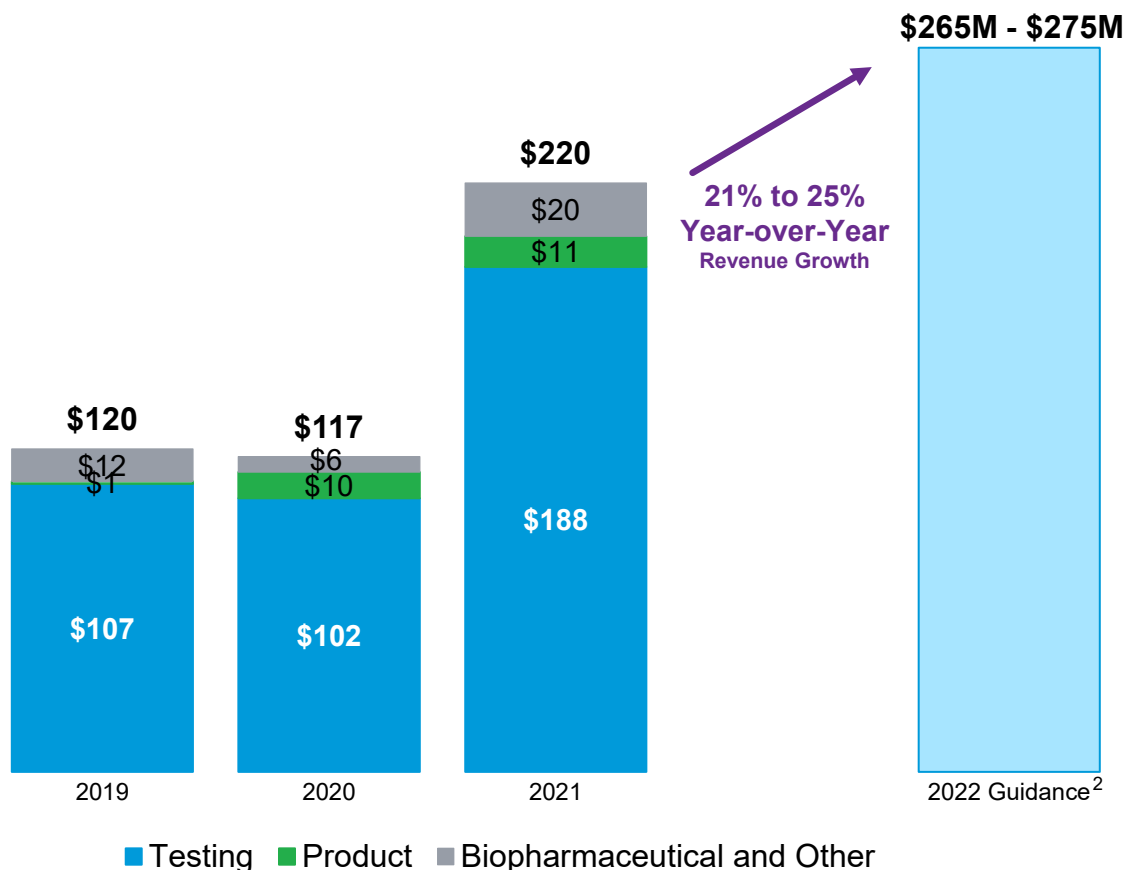
<sup>1</sup> Cash and cash equivalents, excluding restricted cash, in millions



# 2022 Revenue Guidance

Raising total revenue guidance to \$265M - \$275M reflecting 21% to 25% YoY growth

## Total Revenue<sup>1,2,3</sup>



- Narrowing total revenue guidance range to reflect strong first quarter
- 21% to 25% year-over-year revenue growth reflects expectations for strong growth in the urology business, Afirma growth commensurate with its high level of market penetration, and full year contribution of the HalioDx and Decipher businesses



# APPENDIX

# Reconciliation of Non-GAAP Q1 2022 Financial Measures

(Unaudited)

(In thousands of dollars)

|  | Adjustments        |                                  |  |             | Total Non-GAAP Measure |
|--|--------------------|----------------------------------|--|-------------|------------------------|
|  | GAAP               | Acquisition Related Expenses (1) | Intangible Assets Amortization Expense | Other       |                        |
| <b>Three Months Ended March 31, 2022</b>               |                    |                                  |  |             |                        |
| Total revenue  | \$ 67,783          | \$ —                             | \$ —                                   | \$ —        | \$ 67,783              |
| Cost of testing revenue                                | 17,523             | 53                               | —                                      | —           | 17,470                 |
| Cost of product revenue                                | 1,575              | —                                | —                                      | —           | 1,575                  |
| Cost of biopharmaceutical and other revenue            | 4,615              | 133                              | —                                      | —           | 4,482                  |
| Intangible asset amortization (2)                      | 4,953              | —                                | 4,953                                  | —           | —                      |
| Gross margin \$  | 39,117             | 186                              | 4,953                                  | —           | 44,256                 |
| Gross margin %   | 58 %               |                                  |  |             | 65 %                   |
| Research and development                               | 9,166              | 642                              | —                                      | —           | 8,524                  |
| Selling and marketing                                  | 23,754             | 1,216                            | —                                      | —           | 22,538                 |
| General and administrative                             | 20,912             | 2,890                            | —                                      | —           | 18,022                 |
| Intangible asset amortization                          | 533                | —                                | 533                                    | —           | —                      |
| Total operating expenses excluding cost of revenue (3) | 54,365             | 4,748                            | 533                                    | —           | 49,084                 |
| Loss from operations                                   | <u>\$ (15,248)</u> | <u>\$ 4,934</u>                  | <u>\$ 5,486</u>                        | <u>\$ —</u> | <u>\$ (4,828)</u>      |

1 Includes transaction related expenses as well as post-combination compensation expenses consisting primarily of post-combination compensation expenses associated with the acquisition of HalioDx.

2 Includes only amortization of intangible assets identified as developed technology assets through purchase accounting transactions, which otherwise would have been allocated to cost of revenue.

3 Includes only amortization of intangible assets, which otherwise would have been allocated to research and development, selling and marketing or general and administrative expense and excludes the cost of revenue (\$23.7 million) and the amortization of intangible assets which would have been allocated to the cost of revenue (\$5.0 million).

# Reconciliation of Non-GAAP Q1 2021 Financial Measures

(Unaudited)

(In thousands of dollars)

|  | Adjustments        |                                  |  |             | Total Non-GAAP Measure |
|--|--------------------|----------------------------------|--|-------------|------------------------|
|  | GAAP               | Acquisition Related Expenses (1) | Intangible Assets Amortization Expense | Other       |                        |
| <b>Three Months Ended March 31, 2021</b>               |                    |                                  |  |             |                        |
| Total revenue  | \$ 36,703          | \$ —                             | \$ —                                   | \$ —        | \$ 36,703              |
| Cost of testing revenue                                | 10,832             | —                                | —                                      | —           | 10,832                 |
| Cost of product revenue                                | 1,490              | —                                | —                                      | —           | 1,490                  |
| Cost of biopharmaceutical and other revenue            | 81                 | —                                | —                                      | —           | 81                     |
| Intangible asset amortization (2)                      | 1,636              | —                                | 1,636                                  | —           | —                      |
| Gross margin \$  | 22,664             | —                                | 1,636                                  | —           | 24,300                 |
| Gross margin %   | 62 %               |                                  |  |             | 66 %                   |
| Research and development                               | 5,336              | 1                                | —                                      | —           | 5,335                  |
| Selling and marketing                                  | 16,296             | 57                               | —                                      | —           | 16,239                 |
| General and administrative                             | 46,282             | 35,988                           | —                                      | —           | 10,294                 |
| Intangible asset amortization                          | 165                | —                                | 165                                    | —           | —                      |
| Total operating expenses excluding cost of revenue (3) | 68,079             | 36,046                           | 165                                    | —           | 31,868                 |
| Loss from operations                                   | <u>\$ (45,415)</u> | <u>\$ 36,046</u>                 | <u>\$ 1,801</u>                        | <u>\$ —</u> | <u>\$ (7,568)</u>      |

1 Includes transaction related expenses as well as post-combination compensation expenses consisting primarily of transaction-related expenses associated with the acquisition of Decipher Biosciences.

2 Includes only amortization of intangible assets identified as developed technology assets through purchase accounting transactions, which otherwise would have been allocated to cost of revenue.

3 Includes only amortization of intangible assets, which otherwise would have been allocated to research and development, selling and marketing or general and administrative expense and excludes the cost of revenue (\$12.4 million) and the amortization of intangible assets which would have been allocated to the cost of revenue (\$1.6 million).

# Reconciliation of Non-GAAP Q2 2021 Financial Measures

(Unaudited)

(In thousands of dollars)

|  | Adjustments       |                                  |  |             | Total Non-GAAP Measure |
|--|-------------------|----------------------------------|--|-------------|------------------------|
|  | GAAP              | Acquisition Related Expenses (1) | Intangible Assets Amortization Expense | Other       |                        |
| <b>Three Months Ended June 30, 2021</b>                |                   |                                  |  |             |                        |
| Total revenue  | \$ 55,105         | \$ —                             | \$ —                                   | \$ —        | \$ 55,105              |
| Cost of testing revenue                                | 15,589            | —                                | —                                      | —           | 15,589                 |
| Cost of product revenue                                | 1,323             | —                                | —                                      | —           | 1,323                  |
| Cost of biopharmaceutical and other revenue            | 560               | —                                | —                                      | —           | 560                    |
| Intangible asset amortization (2)                      | 3,402             | —                                | 3,402                                  | —           | —                      |
| Gross margin \$  | 34,231            | —                                | 3,402                                  | —           | 37,632                 |
| Gross margin %   | 62 %              |                                  |  |             | 68 %                   |
| Research and development                               | 6,249             | —                                | —                                      | —           | 6,249                  |
| Selling and marketing                                  | 19,662            | 12                               | —                                      | —           | 19,650                 |
| General and administrative                             | 15,473            | 3,380                            | —                                      | —           | 12,093                 |
| Intangible asset amortization                          | 321               | —                                | 321                                    | —           | —                      |
| Total operating expenses excluding cost of revenue (3) | 41,705            | 3,392                            | 321                                    | —           | 37,992                 |
| Loss from operations                                   | <u>\$ (7,474)</u> | <u>\$ 3,392</u>                  | <u>\$ 3,723</u>                        | <u>\$ —</u> | <u>\$ (360)</u>        |

1 Includes transaction related expenses as well as post-combination compensation expenses consisting primarily of transaction-related expenses associated with the acquisition of Decipher Biosciences.

2 Includes only amortization of intangible assets identified as developed technology assets through purchase accounting transactions, which otherwise would have been allocated to cost of revenue.

3 Includes only amortization of intangible assets, which otherwise would have been allocated to research and development, selling and marketing or general and administrative expense and excludes the cost of revenue (\$17.4 million) and the amortization of intangible assets which would have been allocated to the cost of revenue (\$3.4 million).

# Reconciliation of Non-GAAP Q3 2021 Financial Measures

(Unaudited)

(In thousands of dollars)

|  | Adjustments        |                                  |  |             | Total Non-GAAP Measure |
|--|--------------------|----------------------------------|--|-------------|------------------------|
|  | GAAP               | Acquisition Related Expenses (1) | Intangible Assets Amortization Expense | Other       |                        |
| <b>Three Months Ended September 30, 2021</b>           |                    |                                  |  |             |                        |
| Total revenue  | \$ 60,370          | \$ —                             | \$ —                                   | \$ —        | \$ 60,370              |
| Cost of testing revenue                                | 16,073             | 26                               | —                                      | —           | 16,047                 |
| Cost of product revenue                                | 1,491              | —                                | —                                      | —           | 1,491                  |
| Cost of biopharmaceutical and other revenue            | 4,079              | 52                               | —                                      | —           | 4,027                  |
| Intangible asset amortization (2)                      | 4,517              | —                                | 4,517                                  | —           | —                      |
| Gross margin \$  | 39,117             | 78                               | 4,517                                  | —           | 38,805                 |
| Gross margin %   | 57 %               |                                  |  |             | 64 %                   |
| Research and development                               | 8,006              | 359                              | —                                      | —           | 7,647                  |
| Selling and marketing                                  | 21,670             | 641                              | —                                      | —           | 21,029                 |
| General and administrative                             | 20,749             | 7,047                            | —                                      | —           | 13,702                 |
| Intangible asset amortization                          | 466                | —                                | 466                                    | —           | —                      |
| Total operating expenses excluding cost of revenue (3) | 50,891             | 8,047                            | 466                                    | —           | 42,378                 |
| Loss from operations                                   | <u>\$ (16,681)</u> | <u>\$ 8,125</u>                  | <u>\$ 4,983</u>                        | <u>\$ —</u> | <u>\$ (3,573)</u>      |

1 Includes transaction related expenses as well as post-combination compensation expenses including transaction-related expenses associated with the acquisition of Decipher Biosciences and HalioDx as well as post-combination compensation expenses associated with the acquisition of HalioDx.

2 Includes only amortization of intangible assets identified as developed technology assets through purchase accounting transactions, which otherwise would have been allocated to cost of revenue.

3 Includes only amortization of intangible assets, which otherwise would have been allocated to research and development, selling and marketing or general and administrative expense and excludes the cost of revenue (\$21.6 million) and the amortization of intangible assets which would have been allocated to the cost of revenue (\$4.5 million).

# Reconciliation of Non-GAAP Q4 2021 Financial Measures

(Unaudited)

(In thousands of dollars)

|  | Adjustments        |                                  |  |             | Total Non-GAAP Measure |
|--|--------------------|----------------------------------|--|-------------|------------------------|
|  | GAAP               | Acquisition Related Expenses (1) | Intangible Assets Amortization Expense | Other       |                        |
| <b>Three Months Ended December 31, 2021</b>            |                    |                                  |  |             |                        |
| Total revenue  | \$ 67,336          | \$ —                             | \$ —                                   | \$ —        | \$ 67,336              |
| Cost of testing revenue                                | 16,366             | 55                               | —                                      | —           | 16,311                 |
| Cost of product revenue                                | 1,583              | —                                | —                                      | —           | 1,583                  |
| Cost of biopharmaceutical and other revenue            | 4,933              | 165                              | —                                      | —           | 4,768                  |
| Intangible asset amortization (2)                      | 4,936              | —                                | 4,936                                  | —           | —                      |
| Gross margin \$  | 39,518             | 220                              | 4,936                                  | —           | 44,674                 |
| Gross margin %   | 59 %               |                                  |  |             | 66 %                   |
| Research and development                               | 10,252             | 642                              | —                                      | —           | 9,585                  |
| Selling and marketing                                  | 22,212             | 1,216                            | —                                      | —           | 21,166                 |
| General and administrative                             | 18,849             | 2,890                            | —                                      | —           | 15,450                 |
| Intangible asset amortization                          | 538                | —                                | 538                                    | —           | —                      |
| Total operating expenses excluding cost of revenue (3) | 51,851             | 5,112                            | 538                                    | —           | 46,201                 |
| Loss from operations                                   | <u>\$ (12,333)</u> | <u>\$ 5,332</u>                  | <u>\$ 5,474</u>                        | <u>\$ —</u> | <u>\$ (1,527)</u>      |

1 Includes transaction related expenses as well as post-combination compensation expenses consisting primarily of post-combination compensation expenses associated with the acquisition of HalioDx.

2 Includes only amortization of intangible assets identified as developed technology assets through purchase accounting transactions, which otherwise would have been allocated to cost of revenue.

3 Includes only amortization of intangible assets, which otherwise would have been allocated to research and development, selling and marketing or general and administrative expense and excludes the cost of revenue (\$22.9 million) and the amortization of intangible assets which would have been allocated to the cost of revenue (\$4.9 million).